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Mayor Gonzales Outlines Strategy for San José \$120 Million Budget Shortfall



San José, CA ---- Citing the most serious budget challenge that San José has ever faced, Mayor Ron Gonzales outlined his recommendations to close a \$120 million deficit projected for next fiscal year through cuts and spending freezes in every area of service.

“We will do all we can to save the core services that protect our residents and their quality of life in our neighborhoods,” said Gonzales. “To do that we also must look at every city

department, every program and every service for reductions that will help us balance our budget and help economic recovery.”

San José’s projected deficit is the result of the continuing Silicon Valley recession that has been longer and deeper than anticipated, and impacts of current state budget proposals that would divert local tax revenues to balance the state budget crisis.

Gonzales noted that the San José’s expected deficit doubled overnight when Governor Davis announced his plans to take vehicle license fee revenues and other resources from California cities.

A key element of the mayor’s strategy is to focus construction projects to stimulate the local economy and job creation.

“By strategically scheduling our construction program that is already funded by voter-approved bonds, we can help our local economy get moving. This will help create jobs, make better places for people, and reduce our maintenance costs,” he said.

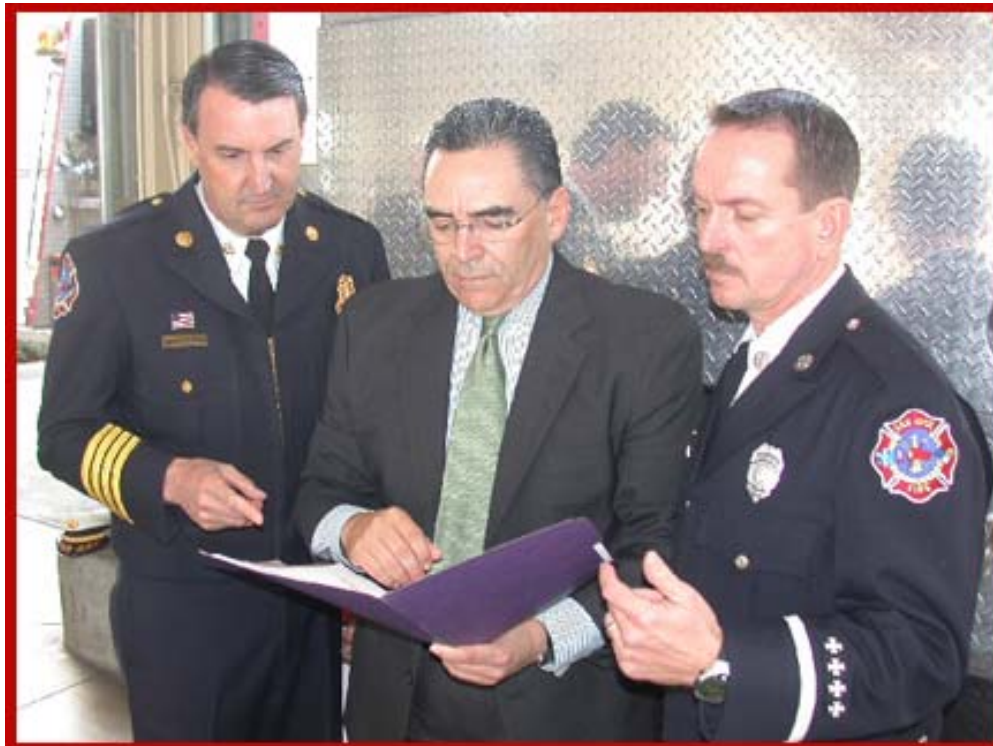


“We also must look at everything we do that can help businesses locate, grow and thrive in San José in order to create jobs and help our economy recover. We will review regulations, streamline permitting, and create incentives to achieve this goal.”

The mayor recommended to the city council a broad range of actions to cut costs. These include asking employee bargaining units to work collaboratively with the city to save as many jobs as possible by considering salary deferrals or rollbacks of increases scheduled next year under current contracts.

“We should consider layoffs as a last resort,” said the mayor. “Layoffs are more than numbers – each job cut represents a family that would be hurt, and it would hurt the families in our community who count on that employee who delivers valuable service to our residents. Before we must consider a reduction in force, we must exhaust other alternatives.”

Gonzales also recommends that the city also consider freezing all discretionary expenditures, alternate methods to deliver services, and projects that would add operating costs for the General Fund.



“This is crisis that is affecting all California cities,” he said. “I will continue to work with other mayors, the Governor, and the Legislature to do all we can to protect our vital core services and our ability to sustain economic growth throughout the state.”

The mayor’s budget strategy will be considered by the city council at its meeting on February 4. The mayor and council at that time will provide specific direction to San José’s city manager and Redevelopment Agency executive director.

Gonzales met with Governor Davis and legislative leaders on Wednesday this week, along with other big city mayors, to urge the restoration of vehicle license fee revenue for cities, protection of redevelopment ability to make public investments that create jobs and strengthen the economy, and progress on critically important transportation projects including BART to San José.

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